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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/536,273	03/27/2000	Steven B. Smith	9311.6	3734
21999	7590	06/01/2006	EXAMINER	
KIRTON AND MCCONKIE 1800 EAGLE GATE TOWER 60 EAST SOUTH TEMPLE P O BOX 45120 SALT LAKE CITY, UT 84145-0120			FISCHER, ANDREW J	
		ART UNIT	PAPER NUMBER	
		3627		
DATE MAILED: 06/01/2006				

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	09/536,273	SMITH, STEVEN B.	
	<b>Examiner</b>	<b>Art Unit</b>	
	Andrew J. Fischer	3627	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) Responsive to communication(s) filed on 20 March 2006.
- 2a) This action is FINAL.                    2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) Claim(s) 25-44 is/are pending in the application.
- 4a) Of the above claim(s) 25-27 is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_\_ is/are allowed.
- 6) Claim(s) 28-44 is/are rejected.
- 7) Claim(s) \_\_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
  - a) All    b) Some \* c) None of:
    1. Certified copies of the priority documents have been received.
    2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
    3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413)
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	Paper No(s)/Mail Date. _____ .
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____ .	5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)
	6) <input type="checkbox"/> Other: _____ .

**DET AILED ACTION**

***Continued Examination Under 37 C.F.R. §1.114***

1. A request for continued examination (“RCE”) under 37 C.F.R. §1.114, including the fee set forth in 37 C.F.R. §1.17(e), was filed in this application on September 26, 2005. This application was under a final rejection (the “Forth Final Office Action” mailed August 10, 2005) and is therefore eligible for continued examination under 37 C.F.R. §1.114. Because the fee set forth in 37 C.F.R. §1.17(e) has been timely paid, the finality in the Forth Final Office Action has been withdrawn pursuant to 37 C.F.R. §1.114.

***Acknowledgements***

2. In accordance with the RCE noted above, Applicant’s amendment filed September 26, 2005 is acknowledged. Accordingly, claims 25-44 remain pending.
3. This Office Action, the “Fifth Non Final Office Action” is given Paper No. 20060528.
4. All references in this Office Action to the capitalized versions of “Applicant” refers specifically the Applicant of record. References to lower case versions of “applicant” or “applicants” refers to any or all patent “applicants.” Unless expressly noted otherwise, references to “Examiner” in this Office Action refers to the Examiner of record while reference to or use of the lower case version of “examiner” or “examiners” refers to examiner(s) generally.
5. This Office Action is written in OACS. Because of this, the Examiner is unable to control formatting, paragraph numbering, font, spelling, line spacing, and/or other word processing issues. The Examiner sincerely apologizes for these errors.

6. This application in an image file wrapper (“IFW”) application. Applicant’s response is therefore separated before being placed into the IFW system (*i.e.* claims, remarks, drawings, etc. are separated and independently scanned). To ensure proper handling by the Examiner, the Examiner highly recommends Applicant place the application serial no (*e.g.* 06/123,456) in a header or footer (or other appropriate area) of *each* page submitted. At the very least, the Examiner highly recommends this practice for all pages listing the claims.

***Restriction***

7. Applicant’s election of Invention II (claims 28-44) in the reply filed on March 20, 2006 is acknowledged. However because Applicant did not distinctly and specifically point out the supposed errors in the restriction requirement as required by 37 C.F.R. §1.111(b), the election has been treated as an election without traverse. See MPEP §818.03(a).

8. Claims 25-27 are withdrawn from further consideration pursuant to 37 CFR 1.142(b) as being drawn to a nonelected Invention, there being no allowable generic or linking claim. Election was made without traverse in the reply filed on March 20, 2006.

***Claim Rejections - 35 USC §101***

9. 35 U.S.C. §101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

10. Claims 31-44 are rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter. The claims are directed to neither a “process” nor a “machine,” but rather embraces or overlaps two different statutory classes of invention. See MPEP

§2173.05(p) II or *Ex Parte Lyell*, 17 USPQ2d 1548 (B.P.A.I., 1990), and *IPXL Holdings LLC v. Amazon.com Inc.*, 430 F.3d 1377, 77 USPQ2d 1140 (Fed. Cir. 2005). If Applicant expressly states that the claims are drawn to either a product or process, this particular rejection will be withdrawn. For prior art purposes and because claim 31 begins “In a system,” the Examiner interprets the claim as being directed to a product.

***Claim Rejections - 35 USC §112 2<sup>nd</sup> Paragraph***

11. The following is a quotation of the 2<sup>nd</sup> paragraph of 35 U.S.C. §112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

12. Claims 31-44 are rejected under 35 U.S.C. §112, 2<sup>nd</sup> paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

a. Claims 31-44 are directed to neither a “process” nor a “machine,” but rather embraces or overlaps two different statutory classes of invention. It is therefore unclear whether Applicants are claiming a process or a machine. See MPEP §2173.05(p) II or *Ex Parte Lyell*, 17 USPQ2d 1548 (B.P.A.I., 1990), and *IPXL Holdings LLC v. Amazon.com Inc.*, 430 F.3d 1377, 77 USPQ2d 1140 (Fed. Cir. 2005). If Applicant overcomes the 35 U.S.C. §101 rejections above, this particular 35 U.S.C. §112, 2<sup>nd</sup> paragraph will be withdrawn.

b. In claim 32, it is unclear if both “using a bio-metric input device” and “using a password” are required for anticipation or just one of the steps.

***Claim Rejections - 35 USC §102***

13. The following is a quotation of the appropriate paragraphs of 35 U.S.C. §102 that form the basis for the rejections under this section made in this Office Action:

A person shall be entitled to a patent unless –

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent.

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States. . . .

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

14. Claims 28-44, as understood by the Examiner, are rejected under 35 U.S.C. §102(e) as being anticipated by Johnson (U.S. 6,535,726 B1). Johnson discloses authorization processor (credit card processor in all credit card transactions); a vendor device 220 and a purchaser device 140.

***Claim Rejections - 35 USC §103***

15. The following is a quotation of 35 U.S.C. §103(a) which forms the basis for all obviousness rejections set forth in this Office Action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

16. Claims 28-44, as understood by the Examiner, are alternatively rejected under 35 U.S.C. §103(a) as being unpatentable over Johnson in view of ABA's Bank Credit Card Business

(“Bank Credit Card Business”).<sup>1</sup> It is the Examiner’s principle position that the claims are anticipated because credit authorization is inherent in all credit card transactions.

However if not inherent, Bank Credit Card Business teaches authorizing credit cards. Therefore it would have been obvious to a person having ordinary skill in the art at the time the invention was made to modify Johnson as taught by Bank Credit Card Business to include authorizing a credit transaction. Such a modification would have helped prevent fraudulent attempts at credit transactions.

17. Applicant is reminded that the USPTO uses a different standard for interpreting claims than that used by district courts during inter partes patent infringement litigation. See e.g. *In re American Academy of Science Tech Center*, 367 F.3d 1359, 1369, 70 USPQ2d 1827, 1834 (Fed. Cir. 2004) (noting that “the Board is *required* to use a different standard for construing claims than that used by district courts. We have held that it is *error for the Board to apply the mode of claim interpretation that is used by courts in litigation*, when interpreting the claims of issued patents in connection with determinations of infringement and validity. [Emphasis added.]”).<sup>2</sup> Moreover, unlike patent applicants who have *two* audiences in which their claims may ultimately be judged (*i.e.* ex parte examination now and possibly by a district court during inter partes infringement litigation later), the Examiner has but one audience since “[t]he business of the PTO is patentability, not infringement.” *In re Hogan*, 559 F.2d 595, 607, 194 USPQ 527, 538 (CCPA 1977). Therefore because an examiner’s legal conclusions regarding claim

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<sup>1</sup> See MPEP §2112 expressly authorizing alternative §102/§103 rejections when the question of inherency is present in the anticipation rejection.

interpretations are provided for purposes of ex parte examination only, the Examiner makes no findings as to how a reviewing body—outside the context of ex parte examination—should interpret the claims. Patent applicants are therefore reminded that not only must they consider and appreciate this potential dichotomy in claim construction, Applicant should draft his or her claim amendments and arguments in such a way that considers, foresees, and appreciates this dichotomy in claim construction. While the Examiner recognizes that particular claim amendments and/or arguments by Applicant may be directed towards ex parte examination only, inter partes litigation only, or perhaps both audiences, the Examiner will hence forth presume that all amendments and arguments by Applicant are directed towards at least ex parte examination unless Applicant expresses clear statements otherwise.

18. In light of the remarks directly above and after careful review of the specification and prosecution history, the Examiner is unaware of any desire—either expressly or implicitly—by Applicant to be his own lexicographer and to define a claim term to have a meaning other than its ordinary and accustomed meaning. Therefore, the Examiner starts with the heavy presumption that all claim limitations are given their ordinary and accustomed meaning. See *Bell Atlantic Network Services Inc. v. Covad Communications Group Inc.*, 262 F.3d 1258, 1268, 59 USPQ2d 1865, 1870 (Fed. Cir. 2001) (“[T]here is a heavy presumption in favor of the ordinary meaning of claim language as understood by one of ordinary skill in the art.”); *CCS Fitness Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1366, 62 USPQ2d 1658, 1662 (Fed. Cir. 2002) (There is a “heavy presumption that a claim term carries its ordinary and customary meaning.”).

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<sup>2</sup> See also MPEP §2111.01 which begins: “While the claims of issued patents are interpreted in light of the specification, prosecution history, prior art and other claims, this is not the mode of claim interpretation to be applied during examination. [Emphasis in original.]”

Art Unit: 3627

See also MPEP §2111.01 and *In re Zletz*, 893 F.2d 319, 321, 13 USPQ2d 1320, 1322 (Fed. Cir.

1989).<sup>3</sup>

In accordance with the ordinary and accustomed meaning presumption, during examination the claims are interpreted with their “broadest reasonable interpretation . . .” *In re Morris*, 127 F.3d 1048, 1054, 44 USPQ2d 1023, 1027 (Fed. Cir. 1997). See also MPEP §2111.

However, if Applicant disagrees with the Examiner and has either (a) already used lexicography or (b) wishes to use lexicography and therefore (under either (a) or (b)) desires a claim limitation to have a meaning other than its ordinary and accustomed meaning, the Examiner respectfully requests Applicant in his next response to expressly indicate<sup>4</sup> the claim limitation at issue and to show where in the specification or prosecution history the limitation is defined. Such definitions must be clearly stated in the specification or file history. *Bell Atlantic*, 262 F.3d at 1268, 59 USPQ2d at 1870, (“[I]n redefining the meaning of particular claim terms away from the ordinary meaning, the intrinsic evidence must ‘clearly set forth’ or ‘clearly

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<sup>3</sup> It is the Examiner’s position that “plain meaning” and “ordinary and accustomed meaning” are synonymous. See e.g. *Rexnord Corp. v. Laitram Corp.*, 274 F.3d 1336, 1342, 60 USPQ2d 1851, 1854 (Fed. Cir. 2001) (“[A]ll terms in a patent claim are to be given their plain, ordinary and accustomed meaning . . .”).

<sup>4</sup> “Absent an *express intent* to impart a novel meaning, terms in a claim are to be given their ordinary and accustomed meaning. [Emphasis added.]” *Wenger Manufacturing Inc. v. Coating Mach. Sys., Inc.*, 239 F.3d 1225, 1232, 57 USPQ2d 1679, 1684 (Fed. Cir. 2001) (citations and quotations omitted). “In the absence of an *express intent* to impart a novel meaning to claim terms, an inventor’s claim terms take on their ordinary meaning. We indulge a heavy presumption that a claim term carries its ordinary and customary meaning. [Emphasis added.]” *Teleflex Inc. v. Ficosa North America Corp.*, 299 F.3d 1313, 1325, 63 USPQ2d 1374, 1380 (Fed. Cir. 2002) (citations and quotations omitted).

redefine' a claim term so as to put one reasonably skilled in the art on notice that the patentee intended to so redefine the claim term").<sup>5</sup> The Examiner cautions that no new matter is allowed.

Applicant is reminded that failure by Applicant in his next response to properly traverse this issue in accordance with 37 C.F.R §1.111(b) or to be non-responsive to this issue entirely will be considered a desire by Applicant to forgo lexicography in this application and to continue having the claims interpreted with their broadest reasonable interpretation.<sup>6</sup> Additionally, it is the Examiner's position that the above requirements are reasonable.<sup>7</sup> Unless expressly noted otherwise by the Examiner, the preceding discussion on claim interpretation principles applies to all examined claims currently pending.

19. To the extent that the Examiner's interpretations are in dispute with Applicants' interpretations, the Examiner hereby adopts the following definitions—under the broadest

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<sup>5</sup> See also *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582, 39 USPQ2d 1573, 1576 (Fed. Cir. 1996), ("[A] patentee may choose to be his own lexicographer and use terms in a manner other than their ordinary meaning, *as long as* the special definition of the term is *clearly stated* in the patent specification or file history. [Emphasis added.]"); *Multiform Desiccants Inc. v. Medzam Ltd.*, 133 F.3d 1473, 1477, 45 USPQ2d 1429, 1432 (Fed. Cir. 1998) ("Such special meaning, however, must be sufficiently clear in the specification that any departure from common usage would be so understood by a person of experience in the field of the invention."). See also MPEP §2111.01, subsection titled "Applicant May Be Own Lexicographer" and MPEP §2173.05(a) titled "New Terminology."

<sup>6</sup> See 37 C.F.R. §1.104(c)(3) which states in part: "the examiner may rely upon admissions by applicant . . . as to *any matter* affecting patentability . . . [Emphasis added.]"

<sup>7</sup> The Examiner's requirements on this matter are reasonable on at least two separate and independent grounds. First, the Examiner's requirements are simply an express request for clarification of how Applicant intends his claims to be interpreted so that lexicography (or even an *attempt* at lexicography) by Applicant is not inadvertently overlooked by the Examiner. Second, the requirements are reasonable in view of the USPTO's goals of compact prosecution, productivity with particular emphasis on reductions in both pendency and cycle time, and other goals as outlined in the USPTO's The 21<sup>st</sup> Century Strategic Plan, February 3, 2003 available at [www.uspto.gov/web/offices/com/strat21/index.htm](http://www.uspto.gov/web/offices/com/strat21/index.htm) (last accessed May 28, 2006).

reasonable interpretation standard—in all his claim interpretations.<sup>8</sup> Moreover, while the following list is provided in accordance with *In re Morris*, the definitions are a guide to claim terminology since claim terms must be interpreted in context of the surrounding claim language.<sup>9</sup> Finally, the following list is not intended to be exhaustive in any way:

**Server:** “2. On the Internet or other network, a computer or program that responds to commands from a client.” Computer Dictionary, 3<sup>rd</sup> Edition, Microsoft Press, Redmond, WA, 1997.<sup>10</sup> **Client:** “3. On a local area network or Internet, a computer that accesses shared network resources provided by another computer (called a server).” *Id.* **Computer:** “Any machine that does three things: accepts structured input, processes it according to prescribed rules, and produces the results as output.” *Id.*

**Electronic** “2 : of, relating to, or utilizing devices constructed or working by the method or principles of electronics; also : implemented on or by means of a computer <~ food stamps> <~ banking> ” Id.

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<sup>8</sup> While most definitions are cited because these terms are found in the claims, the Examiner may have provided additional definition(s) to help interpret words, phrases, or concepts found in the definitions themselves or in the prior art.

<sup>9</sup> See e.g. *Brookhill-Wilk 1 LLC v. Intuitive Surgical Inc.*, 334 F.3d 1294, 1300, 67 USPQ2d 1132, 1137 (Fed. Cir. 2003) (abstract dictionary definitions are not alone determinative; “resort must always be made to the surrounding text of the claims in question”).

<sup>10</sup> Based upon Applicant’s disclosure, the art of record, and the knowledge of one of ordinary skill in this art as determined by the factors discussed in MPEP §2141.03 (where practical), the Examiner finds that the *Microsoft Press Computer Dictionary* is an appropriate technical dictionary known to be used by one of ordinary skill in this art. See e.g. *Altiris Inc. v. Symantec Corp.*, 318 F.3d 1363, 1373, 65 USPQ2d 1865, 1872 (Fed. Cir. 2003) where the Federal Circuit used the *Microsoft Press Computer Dictionary* (3d ed.) as “a technical dictionary” to define the term “flag.” See also *In re Barr*, 444 F.2d 588, 170 USPQ 330 (CCPA 1971)(noting that its appropriate to use technical dictionaries in order to ascertain the meaning of a term of art) and MPEP §2173.05(a) titled ‘New Terminology.’

*For* “1 a — used as a function word to indicate purpose <a grant ~ studying medicine>”

Merriam-Webster's Collegiate Dictionary, 10<sup>th</sup> Edition, Merriam-Webster Inc., Springfield, M.A., 1997.

*Automatic* “1 a : largely or wholly involuntary” Id.

*Item:* “2 : a distinct part in an enumeration, account, or series : ARTICLE . . .” Id.

20. In light of the Examiner's use of the Collegiate Dictionary noted above, and because applicants frequently misunderstand the historical order of definitions and their corresponding senses, the following excerpts from the “Explanatory Notes” in the Collegiate Dictionary are provided:

### **Definitions**

#### **DIVISION OF SENSES**

A boldface colon is used in this dictionary to introduce a definition. . . . It is also used to separate two or more definitions of a single sense. . . . Boldface Arabic numerals separate senses of a word that has more than one sense. . . . Boldface lowercase letters separate the subsenses of a word. . . . Lightface numerals in parentheses indicate a further division of senses.

. . .

#### **ORDER OF SENSES**

The order of senses within an entry is historical: the sense known to have been first used in English is entered first. This is not to be taken to mean, however, that each sense of a multisense word developed from the immediately preceding sense. It is altogether possible that sense 1 of a word has given rise to sense 2 and sense 2 to sense 3, but frequently sense 2 and sense 3 may have risen independently of one another from sense 1.

When a number sense is further subdivided into lettered subsenses, the include of particular subsenses with a sense is based upon their semantic relationship to one another, but their order is likewise historical: subsense 1a is earlier than subsense 1b, 1b is earlier than 1c, and so forth. Divisions of subsenses indicated by lightface numerals in parentheses are also in historical

order with respect to one another. Subsenses may be out of historical order, however, with respect to the broader numbered senses. Collegiate Dictionary, pp 19a-20a.

21. With respect to the pending claims, the Examiner respectfully reminds Applicants that: “A system is an apparatus.” *Ex parte Fressola* 27 USPQ2d 1608, 1611 (B.P.A.I. 1993)(citations omitted). Additionally, “[c]laims in apparatus form conventionally fall into the 35 U.S.C. §101 statutory category of a ‘machine.’” *Ex parte Donner*, 53 USPQ2d 1699, 1701 (B.P.A.I. 1999)(unpublished), (Paper No. 34, page 5, issued as U.S. Patent 5,999,907). Therefore, it is the Examiner’s position that Applicant’s system claims are “product,” “apparatus,” or more specifically, “machine” claims.<sup>11</sup>

22. In light of Applicant’s choice to pursue product claims, Applicant is also reminded that functional recitations using the word “for,” “adapted to,” or other functional terms (*e.g.* see claim 28 which recites “for short range transmission of information regarding inventory and price”) have been considered but are given little patentable weight<sup>12</sup> because they fail to add any structural limitations and are thereby regarded as intended use language. To be especially clear, all limitations have been considered. However, a recitation of the intended use in a product claim must result in a structural difference between the claimed product and the prior art in order to patentably distinguish the claimed product from the prior art. If the prior art structure is capable of performing the intended use, then it reads on the claimed limitation. *In re Casey*, 370 F.2d 576, 152 USPQ 235 (CCPA 1967) (“The manner or method in which such machine is to be

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<sup>11</sup> Products may be either machines, manufactures, or compositions of matter. MPEP §2106 IV B. 2 (a).

<sup>12</sup> See *e.g.* *In re Gulack*, 703 F.2d 1381, 217 USPQ 401, 404 (Fed. Cir. 1983)(stating that although all limitations must be considered, not all limitations are entitled to patentable weight.).

utilized is not germane to the issue of patentability of the machine itself."); *In re Otto*, 136 USPQ 458, 459 (CCPA 1963). See also MPEP §§ 2114 and 2115. Unless expressly noted otherwise by the Examiner, the claim interpretation principles in this paragraph apply to all examined claims currently pending.

23. Additionally, the Examiner notes that "the PTO and the CCPA acknowledged product-by-process claims as an exception to the general rule requiring claims to define products in terms of structural characteristics." *Atlantic Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834, 845, 23 USPQ2d 1481, 1490 (Fed. Cir. 1992) (hereinafter "*Atlantic Thermoplastics v. Faytex I*"). Furthermore, the Federal Circuit "acknowledges that it has in effect recognized . . . product-by-process claims as exceptional." *Atlantic Thermoplastics v. Faytex I*, 970 F.2d at 847, 23 USPQ2d at 1491.

Because of this exceptional status, the Examiner has carefully reviewed the claims and it is the Examiner's position that claims 28-44 *do not* contain any product-by-process limitations whether in a conventional format or otherwise. If Applicant disagrees with the Examiner, the Examiner respectfully requests Applicant in his next response to expressly point out any product-by-process claim(s) and their limitations so that they may be afforded their exceptional status and treated accordingly. Applicant is reminded that "even though product-by-process claims are limited by and defined by the process, determination of patentability is based on the product itself." *In re Thorpe*, 777 F.2d 695, 697, 227 USPQ 964, 966 (Fed. Cir. 1985) (citations omitted).<sup>13</sup> Failure by Applicant in his next response to also address this issue in accordance

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<sup>13</sup> See also MPEP §2113.

with 37 C.F.R. §1.111(b) or to be non-responsive to this issue entirely will be considered intent by Applicant(s) *not* to recite any product-by-process limitations. Unless expressly noted otherwise by the Examiner, the preceding discussion on product-by-process principles applies to all examined claims currently pending.

24. Although Applicant uses “step for” in the claim(s) (*e.g.* claim 31 which recites “the step for”), it is the Examiner’s position that the “step for” phrase(s) do not invoke 35 U.S.C. §112 6<sup>th</sup> paragraph. If Applicant concurs, the Examiner respectfully requests Applicant to either amend the claim(s) to remove all instances of “step for” and/or “means for” from the claim(s), or to explicitly state on the record why 35 U.S.C. §112 6<sup>th</sup> paragraph should not be invoked. Alternatively, if Applicant desires to invoke 35 U.S.C. §112 6<sup>th</sup> paragraph, the Examiner respectfully requests Applicant to expressly state his desire on the record. Upon receiving such express invocation of 35 U.S.C. §112 6<sup>th</sup> paragraph, all “step for” and “means for” phrase(s) will be interpreted as set forth in the *Supplemental Examination Guidelines for Determining the Applicability of 35 USC 112 6¶*.<sup>14</sup> Failure by Applicant in his next response to also address the 35 U.S.C. §112 6<sup>th</sup> paragraph issues in accordance with 37 C.F.R. §1.111(b) or to be non-responsive to this issue entirely will be considered a desire by Applicant NOT to invoke 35 U.S.C. §112 6<sup>th</sup> paragraph. Unless expressly noted otherwise by the Examiner, the preceding discussion on 35 U.S.C. §112 6<sup>th</sup> paragraph applies to all examined claims currently pending.

25. Regarding optional or conditional phrases (*see e.g.* claim 35 which recites “if said purchase is not authorized by the authorization processor”), Applicant is reminded that optional or conditional elements do not narrow the claims because they can always be omitted. See *e.g.*

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<sup>14</sup> Federal Register, Vol 65, No 120, June 21, 2000.

MPEP §2106 II C: “Language that suggest or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. [Emphasis in original.]”; see also MPEP §2111.04; and *In re Johnston*, 435 F.3d 1381, 77 USPQ2d 1788, 1790 (Fed. Cir. 2006) (“As a matter of linguistic precision, optional elements do not narrow the claim because they can always be omitted.”).

### ***Response to Arguments***

26. Applicant’s arguments filed September 26, 2005 have been fully considered but they are not persuasive.

### ***Conclusion***

27. References considered pertinent to Applicant’s disclosure are listed on form PTO-892.

All references listed on form PTO-892 are cited in their entirety.

28. Unless expressly noted otherwise by the Examiner or other USPTO official, the following four (4) citations to the Manual of Patent Examining Procedure (“MPEP”) apply to this Office Action *and* any future office action(s), communication(s), or other correspondence provided by the USPTO: MPEP citations to Chapter 2300 are from the MPEP 8<sup>th</sup> Edition, Rev. 4, October 2005; citations to Chapters 200-900, 1200-1400, and 1700-1900, 2100, 2200, 2600 are from the MPEP 8<sup>th</sup> Edition, Rev. 3, August 2005. MPEP citations to Chapters 100, 1000, 1100, 1500, 2000, 2500, and 2700 are from the MPEP 8<sup>th</sup> Edition, Rev. 2, May 2004. MPEP citations to Chapters 1600, 2300, 2400 are from MPEP 8<sup>th</sup> Edition, August 2001.

29. In accordance with *In re Lee*, 277 F.3d 1338, 1344-45, 61 USPQ2d 1430, 1434-35 (Fed. Cir. 2002), the Examiner finds that the references How Computers Work Millennium Ed. by Ron White; How Networks Work, Bestseller Ed. by Frank J. Derfler et. al.; and How the Internet Works, Millennium Ed. by Preston Gralla are additional evidence of what is general knowledge or common sense to one of ordinary skill in this art. Each reference is cited in its entirety. Moreover, because these three references are directed towards beginners (see e.g. “User Level Beginning . . .”), because of the references’ basic content (which is self-evident upon review of the references), and after further review of the entire application and all the art now of record in conjunction with the factors as discussed in MPEP §2141.03 (where practical), the Examiner finds that these three references are primarily directed towards those of low skill in this art. Because these three references are directed towards those of low skill in this art, the Examiner finds that one of ordinary skill in this art must—at the very least—be aware of and understand the knowledge and information contained within these three references.

30. Also in accordance with *In re Lee*, the Examiner finds that the reference, Production and Inventory Control Handbook, 3<sup>rd</sup> Ed. with James H. Greene as Editor-in-Chief (“Greene”) is additional evidence of what is general knowledge or common sense to one of ordinary skill in this art. First, the Examiner finds that Greene provides an introduction to the basics of production and inventory control. In other words, Greene covers production and inventory control in its broadest sense. The Examiner also finds that the reference is a introductory handbook which serves at least professionals, students, and persons designing control systems. The reference is cited in its entirety. In particular, Greene is about planning, controlling, and managing production and inventories through systems and an organization; and applying

principles, methods, and models, based on facts, knowledge, forecasts, and predictions to accomplish goals and objectives. Finally, the Examiner finds that Greene: includes discussions which are broad enough to include both large and small businesses; covers the process industries as well as the assembly and fabrication industries; covers businesses that produce to order as well as those that ship ‘off the shelf,’ and concerns itself with distribution inventories as well as manufactured inventory, from the simple manufacturing processes to the very complex. Because “[w]ell known text books in English are obvious research materials,” *In re Howarth*, 654, F.2d 103, 210 USPQ 689, 692 (CCPA 1981), because of the factual findings noted in this paragraph, and after further review of the entire record including the prior art now of record in conjunction with the factors as discussed in MPEP §2141.03 (where practical), the Examiner finds that Greene is primarily directed towards those of low skill in this art. Because Greene is directed towards those of low skill in this art, the Examiner finds that one of ordinary skill in this art must—at the very least—be aware of and understand the knowledge and information contained within Greene.

31. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

32. Applicant is reminded that patents are written by and for skilled artisans. See e.g. *Vivid Technologies, Inc. v. American Science and Engineering, Inc.*, 200 F.3d 795, 804, 53 USPQ2d

1289, 1295 (Fed. Cir. 1999) (“patents are written by and for skilled artisans”).<sup>15</sup> The Examiner therefore starts with the presumption that Applicant is a skilled artisan who possess at least ordinary skill in the art. Consequently, it is the Examiner’s position that because the patent references of record are directed to those with ordinary skill in this art, these references are clear, explicit, and specific as to what they teach. Nevertheless some applicants apparently have difficulty understanding the references. In an effort to maintain compact prosecution, provide due process, and to help these applicants understand the contents of a reference when viewed from the position of one of ordinary skill in this art, Applicant is hereby given actual notice that if after reasonably reading any reference of record—whether the reference is currently of record or subsequently made of record—if Applicant can not reasonably understand or if Applicant has difficulty comprehending one or more sentence(s), statement(s), diagram(s), or principle(s) set forth in the reference(s), Applicant should (in his next appropriately filed response) bring this issue to the attention of the Examiner. In addition to bringing this issue to the attention of the Examiner, and in accordance with 37 C.F.R. §1.111(b), Applicant’s response must also state *why* he either does not understand or *why* he has difficulty comprehending the offending reference(s). If after properly receiving (*i.e.* Applicant’s response is made of record) both Applicant’s request for understanding and the reasons as to *why* the request is made—and assuming the reference is germane to at least one outstanding rejection—the Examiner may either provide a substitute reference, or alternatively, do his best to elucidate the particular sentence(s), statement(s), diagram(s), or principles(s) in the offending reference. For all documents or references made of

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<sup>15</sup> See also *S3 Inc. v. nVIDIA Corp.*, 259 F.3d 1364, 1371, 59 USPQ2d 1745, 1749-50 (Fed. Cir. 2001)(“patents are written for persons experienced in the field of the invention”).

record after this Office Action, Applicant is given actual notice that this paragraph becomes effective when Applicant receives notice that the document or reference is made of record (*i.e.* this paragraph becomes applicable when Applicant submits an Information Disclosure Statement or when Applicant receives an examiner's Notice of References Cited (Form PTO-892)).

33. Additionally, Applicant is reminded that it is inappropriate for the USPTO to disregard any relevant evidence of record. "It is jurisprudentially inappropriate to disregard any relevant evidence on any issue in any case, patent cases included." *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 218 USPQ 871, 879 (Fed. Cir. 1983). Second, when making substantive patentability determinations, the USPTO uses the preponderance of the evidence standard.<sup>16</sup> In light of this standard, it is clear error for the USPTO not to consider *all* evidence of record. See e.g. *In re Piasecki*, 745 F.2d 1468, 1471, 223 USPQ 785, 787 (Fed. Cir. 1984) ("All the evidence on the question of obviousness must be considered."); *In re Oetiker*, 977 F.2d 1443, 1445, 24 USPQ2d 1443, 1444 (Fed. Cir. 1992) ("After evidence or argument is submitted by the applicant in response, patentability is determined on *the totality of the record*, by a preponderance of evidence with due consideration to persuasiveness of argument. [Emphasis added.]"); *In re Glaug*, 283 F.3d 1335, 1338, 62 USPQ2d 1151, 1152-53 (Fed. Cir. 2002) ("Patentability vel non is then determined on the *entirety* of the record, by a preponderance of evidence and weight of argument. . . ; patentability is determined by a preponderance of *all* the evidence. [Emphasis added.]"); and *In re Rinehart*, 531 F.2d 1048, 189 USPQ 143, 146 (CCPA 1976) (where the court expressly set forth the issue as "Whether, in light of *all the evidence*, the claimed method would

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<sup>16</sup> See MPEP §706 I. "The standard to be applied in *all* cases is the 'preponderance of the evidence' test. In other words, an examiner should reject a claim if, in view of the prior art and evidence of record, it is more likely than not that the claim is unpatentable. [Emphasis added.]"

Art Unit: 3627

have been obvious at the time the invention was made. [Emphasis added.]”). Third, any factual determination by the USPTO that does not consider *all* relevant evidence of record may not be supported by the required substantial evidence<sup>17</sup> since the particular evidence *not* considered may be probative of a factual issue presented. Forth, prior art patents are not technical treatises and therefore these patents intentionally omit features that are known in the field of the invention.

See *S3 Inc. v. nVIDIA Corp.*, 259 F.3d at 1371, 59 USPQ2d at 1749-50 (“The law is clear that patent documents need not include subject matter that is known in the field of the invention and is in the prior art, for patents are written for persons experienced in the field of the invention. ...

To hold otherwise would require every patent document to include a technical treatise for the unskilled reader.”); and *Atmel Corp. v. Information Storage Devices, Inc.*, 198 F.3d 1374, 1382, 53 USPQ2d 1225, 1230 (Fed. Cir. 1999)(“The specification would be of enormous and

unnecessary length if one had to literally reinvent and describe the wheel.”). Finally and perhaps most importantly, it is well established that “[a] reference anticipates a claim if it discloses the claimed invention ‘such that a skilled artisan could take its teachings in *combination with his own knowledge of the particular art and be in possession of the invention*. [Emphasis in original.]’” *In re Graves*, 69 F.3d 1147, 1152, 36 USPQ2d 1697, 1701 (Fed. Cir. 1995) citing *In re LeGrice*, 301 F.2d 929, 936, 133 USPQ 365, 372 (CCPA 1962) and noting that regarding the

claimed “simultaneously monitoring the selected multiple connection points,” the prior art “nevertheless anticipates [the claimed invention], even if it does not specifically disclose

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<sup>17</sup> See *In re Gartside*, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000) where the Federal Circuit concluded that USPTO’s factual findings must be supported by substantial evidence.

simultaneous monitoring of the output points, if simultaneous or parallel monitoring is within the knowledge of a skilled artisan.” *Graves*, 69 F.3d at 1152, 36 USPQ2d at 1701.<sup>18</sup> Therefore because, *inter alia*, it is inappropriate for the USPTO to disregard any relevant evidence, because the USPTO must consider all evidence of record, because any evidence of record *not* considered by the USPTO may be probative of at least one factual issue presented, and because anticipation is determined by the teachings of a reference in combination with the knowledge of one of ordinary skill in the art, Applicant is hereby given actual notice that all prior art rejections (*i.e.* rejection(s) based upon 35 U.S.C. §§ 102 or 103)—if found in this Office Action or any subsequent office action—are based upon the cited reference(s) in the statement of the rejection in combination with the knowledge of one of ordinary skill in this art.

34. In accordance with the USPTO’s goals of customer service, compact prosecution, and reduction of cycle time, the Examiner has made every effort to clarify his position regarding claim interpretation and any rejections or objections in this application. Furthermore, the Examiner has again provided Applicants with notice—for due process purposes—of his position regarding his factual determinations and legal conclusions. The Examiner notes and thanks Applicant for his “Remarks” (beginning on page 8 of the September 26, 2005 response) traversing the Examiner’s positions on various points. If Applicant disagrees with any additional factual determination or legal conclusion made by the Examiner in this Office Action whether expressly stated or implied,<sup>19</sup> the Examiner respectfully reminds Applicant to properly traverse

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<sup>18</sup> See also *In re Donohue*, 766 F.2d 531, 533, 226 USPQ 619, 621 (Fed. Cir. 1985) for the same statement of law and also citing *In re LeGrice*.

<sup>19</sup> E.g., if the Examiner rejected a claim under §103 with two references, although not directly stated, it is the Examiner’s implied position that the references are analogous art.

the Examiner's position(s) in accordance with 37 C.F.R. §1.111(b) in his next properly filed response. By addressing these issues now, matters where the Examiner and Applicant agree can be eliminated allowing the Examiner and Applicant to focus on areas of disagreement (if any) with the goal towards allowance in the shortest possible time. If Applicant has any questions regarding the Examiner's positions or has other questions regarding this communication or even previous communications, Applicant is strongly encouraged to contact Examiner Andrew J. Fischer whose telephone number is (571) 272-6779. If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's immediate supervisor, Alexander Kalinowski, can be reached at (571) 272-6771. The fax number for facsimile responses is now (571) 273-8300.

 5/28/06

Andrew J. Fischer  
Primary Examiner  
Art Unit 3627

AJF  
May 28, 2006